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The Honorable Frank Carlson
Chairman, Committee on
Post Office & Civil Service
United States Senate
Washington 25, D. C.

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Dear Mr. Chairman:

Since our conversation of 27 July, I have talked with Mr. Seymour Berlin, of the Civil Service Commission, who in turn has been in touch with Mr. Johnson of your Committee staff regarding the amendments, requested by CIA, to the proposed pay and fringe benefits legislation presently before the Committees on Post Office & Civil Service of the Senate and House.

As a result of these conversations, I would summarize our specific problems as follows:

1. H. R. 7774, as it originally passed the House and as it is now incorporated into Title III of S. 2665 as reported by the House Committee, contains a provision that the Civil Service Commission "shall inspect and review the operation of the incentive awards plans in the departments." This right of inspection and review is mandatory for the Commission, and therefore raises the same security problems for CIA as were raised by a similar provision in the Performance Rating Act of 1950. These security problems were set forth in Mr. Dulles' letters to you of 5 June 1954 and 27 July 1954. Therefore, if the final decision of the Senate and House on the subject of incentive awards plans is to adopt the House language as contained in S. 2665 as reported by the House (or the comparable language of H. R. 7774 as passed by the House), we request that a proviso be added as follows --

Provided, That the Director of Central Intelligence is authorized to establish an incentive awards plan under this Title without inspection and review of its operation by the Commission.

2. Proposed legislation establishing Federal employees' incentive awards, as contained in Title III of S. 2665 as it originally passed the Senate, presents no security problems to this agency and would not require any amendment from our standpoint.

3. In any final consideration of pay and fringe benefits legislation, we request that there be retained in the bill the special provisions for CIA currently contained in Sections 602(a) and 602(b) of S. 2665 as reported by the House, for the reasons outlined in our letter to you of 27 July 1954.

The kind consideration given by you and members of your staff to our problems in connection with these matters is very greatly appreciated.

Sincerely yours,

Walter L. Pforzheimer
Legislative Counsel

OGC:WLP/blc
Orig. & 1 - Addressee
1 - James Hyde - Bur. of Budget
1 - DD/A ✓
1 - AD/Personnel
2 - Signer